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BILLS AND NOTES—ALTERATION—HOLDER IN DUE COURSE.—PUBLIC BANK v. KNOX-BURCHARD MERCANTILE CO. ET AL. (1916) 160 N. W. (MINN.) 667.—The defendant, Burchard, as accommodation party joined with G. C. Knox in executing and endorsing individually their note to the order of themselves, which Knox thereafter altered by stamping before their personal signatures the words, "Knox-Burchard Mercantile Co. by" and adding the abbreviations "Pres." and "Sec." respectively after their names, and by making changes on the reverse side whereby the instrument purported to be the note of the company, endorsed by it and individually by each of the officers. The plaintiff received the paper for value and without notice. *Held*, that the plaintiff might recover against the defendant Burchard, according to the original tenor of the note.

The decision in this case depends upon whether the title of the plaintiff is based on a forgery, or whether the bank is a holder in due course of an instrument altered in a material particular. If the former, the bank may not enforce payment against Burchard. Negotiable Instruments Law, sec. 23. If the latter, however, it is entitled to recover according to the original tenor. Negotiable Instruments Law, sec. 124. The defendant contended that the section concerning alterations applies only to changes in the body of the instrument. Prior to the act, however, entries altering the signature on a note and changing it from an individual obligation so that it appeared to be that of a firm, were regarded as material alterations. *Haskell v. Champion* (1860) 30 Mo. 136; *Chadwick v. Eastman* (1864) 53 Me. 12; *Montgomery v. Cross-thwait* (1890) 8 So. (Ala.) 498. Even when some of the makers' signatures placed on a joint and several note before delivery were forgeries, these have not been permitted to affect the liability of those parties whose signatures were genuine. *First Nat. Bank of Durand v. Shaw* (1909) 157 Mich. 192. Since the note in the principal case was to the order of the makers and required their endorsement before it was complete for negotiation, it would seem possible to regard all the altered signatures as forgeries and still leave unaffected the liability of Burchard on his genuine, unaltered endorsement. But taking the apparently more satisfactory view, that the changes made were material alterations only, then the fact that they were made by a co-maker will not relieve the defendant, Burchard, from answering to a holder in due course. *Builders' Lime and Cement Co. v. Weiner* (1915) 170 Ia. 444. The reason usually given for the rule is that where one of two innocent parties must suffer, he who has made it possible for the injury to be committed shall be the loser. It is submitted, however, that the reason is suggestive of some remote degree of negligence, which seems entirely lacking in the principal case, wherein the alteration was accomplished by a clever trick. One is likely to feel, nevertheless, that the defendant, being held only to the obligation he assumed and the damages which he might reasonably have counted upon, should not be protected as against a holder in due course. Moreover, since the provisions of the Negotiable Instrument Law, considered in the light of previous cases, seem to warrant this interpretation, which makes for the currency of credit paper, there would appear to be ample ground for the decision of the court in the principal case.

M. S. B.